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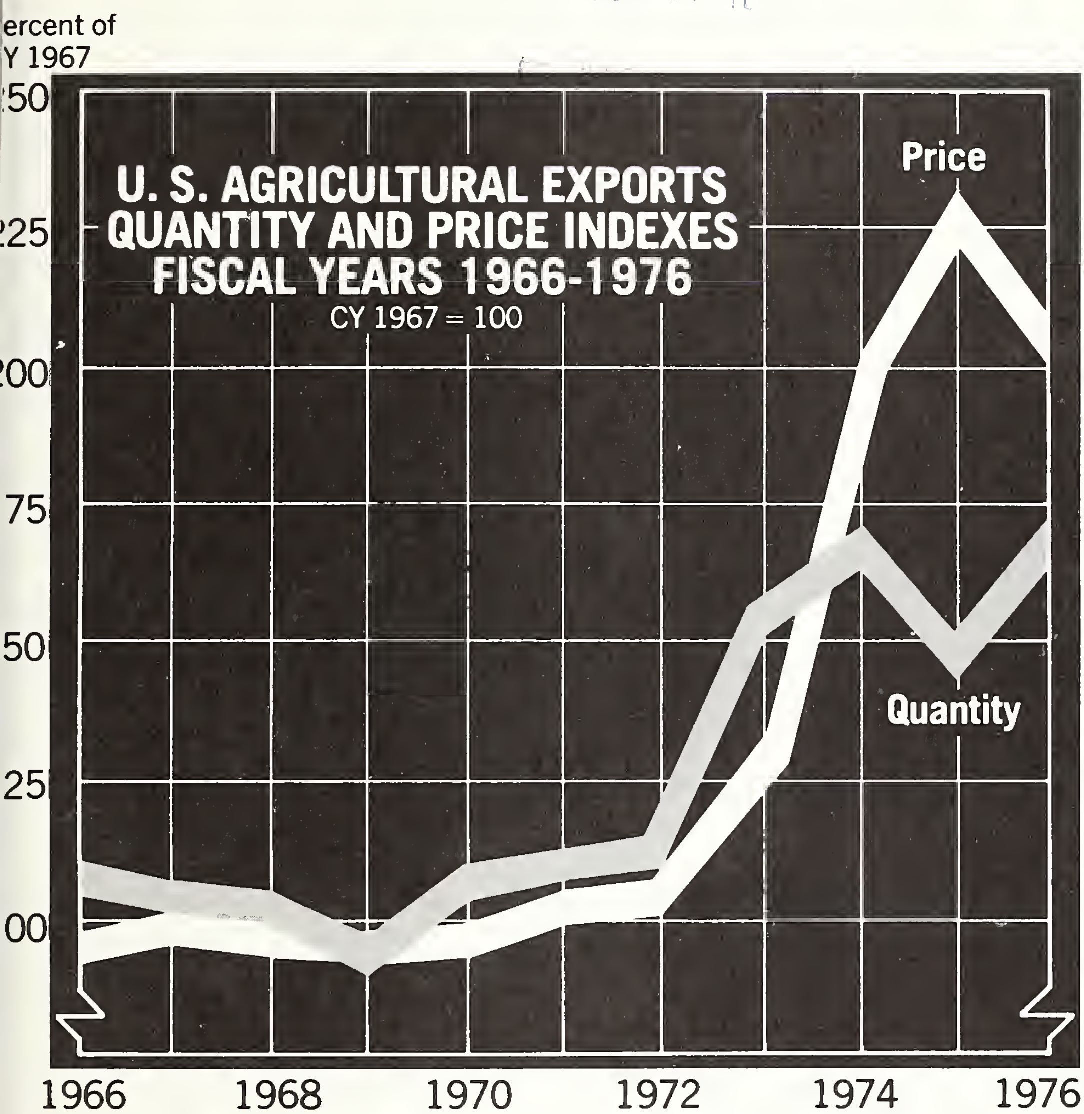

Record U.S. Farm Exports in 1976

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This week's cover:

U.S. exports of agricultural products in fiscal 1976 were valued at a record $22.1 billion, $571 million more than in fiscal 1975, despite lower unit prices in 1976 than during 1975. **See report beginning on page 8.**

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Foreign Market Access Vital Concern to U.S. Agriculture

By DAVID L. HUME
Administrator
Foreign Agricultural Service

ACCESS TO FOREIGN markets is one of the key policy questions affecting American agriculture in this decade. This is the overriding issue that brought us into the multilateral trade negotiations now going on in Geneva. It is the motive for most of our actions in the General Agreement on Tariffs and Trade. It is the basic reason that we seek improvement in the working of that organization, better known as the GATT, after almost 30 years in which it has functioned as the rule-maker for international trade.

There are, of course, other forums where international trade, including agricultural products, comes under discussion. The Food and Agriculture Organization of the United Nations, the International Wheat Agreement meetings in London, the Organization for Economic Cooperation and Development (OECD) in Paris, and other ad hoc groups all help to create the environment of international trade. But the GATT, with 105 member nations (83 full, 3 provisional, and 19 de facto) accounts for 85 percent of total world trade. Although it does not extend to the Soviet Union or the People's Republic of China, it does include a number of other centrally planned economies. The GATT has become the single most important forum in multilateral trade.

The General Agreement on Tariffs and Trade came about as a result of a critical need for new international trade rules after World War II, coupled with a long-standing U.S. desire to move the world toward a freer trading pattern.

In the United States, the need for freer trade through tariff negotiations had already been demonstrated. Following World War I, protectionist sentiment in this country resulted in the passage of highly restrictive trade legislation. With foreign imports barred from entry into the United States, other nations moved to protect their domestic markets as well. By 1933, world trade had shrunk dramatically; U.S. exports had fallen by almost one-third.

This downward spiral provided a convincing argument that world prosperity is related to trade. As a result, the United States moved back into a world trade posture with passage of the Reciprocal Trade Agreements Act of 1934. This Act provided authority for concessions to other nations in exchange for trade concessions to the United States. The process was slow, however, and in 13 years the United States completed agreements with only 29 nations. It was not until 1945 that total U.S. exports recovered to the 1929 level of $7 billion.

At the end of World War II, world trade was in a state of chaos. At the same time, most countries were now convinced that expanded trade was an economic and political necessity. The result was the General Agreement on Tariffs and Trade—a multilateral trade agreement to lay down rules for the fair conduct of world trade.

GATT was created in 1947 by 23 nations—including the United States—to secure a substantially free and competitive market as the best means of conducting international trade and serving the best interests of all nations.

Four major trading rules were established under the GATT:

• Import and export duties are the only legitimate trade barrier to be consciously applied as a barrier. This is the rule that outlaws the use of quantitative restrictions on imports.

• Import duties can be reduced and eliminated, or bound against increase through negotiation.

• All GATT member countries should be treated equally when measures are applied affecting exports or imports. This the most-favored-nation clause which says that no one member country should receive better treatment than another. Closely allied is the National Treatment Clause which provides that imports into a country be treated fairly in relation to goods produced domestically.

• Price and income support programs should not be used to increase exports

• The competitive ability of U.S. producers and exporters must not be undermined by the negotiation on international commodity agreements.

• The expansion of preferential access for our competitors in foreign markets must be offset by improved access for all other countries into those markets on a most-favored-nation basis.

• Agriculture must be included on the same terms as industry in all multilateral codes and agreements reached in the MTN, such as the code on subsidies and countervailing duties, and the standards code.

from the territory applying them, or to reduce imports into the territory.

The GATT has been a positive force in many ways. In other ways, it has not been well used by its members. It is our conclusion—and this is supported by the U.S. Congress in the Trade Reform Act of 1974—that the GATT should be revised to better meet the trade needs of the world during the last quarter of this century.

The GATT, like any other international organization, can be effective only when its members act to support it and make it work. Any time that national self-interest comes into conflict with organization's objective, there will be problems. This has happened in the GATT.

The inability of the members to reach decisions on issues involving conflicts between member nations' national policies and GATT rules has prevented the GATT from being as effective as it should be. As result, the GATT, as the world trading charter, has been systematically eroded. A particular case in point is the general lack of success the GATT has had in dealing with the difficult problems of trade in agricultural commodities and primary commodities.

SOME COUNTRIES argue that these problems should be handled differently because production and trade in these commodities are somehow different; they have "special characteristics." However, these special characteristics have never been demonstrated and if GATT rules are not applied to these commodities we risk establishing the principle that *no* rules can apply to these commodities.

One example is the variable levy system of the European Community. While the details of this system differ somewhat from product to product, in principle the system results in a charge on imports, offsetting the difference between a target market price in the Community and the lowest price of imports. The effect of the system is to eliminate competition below the Community's price. Efficient foreign producers are relegated to the role of residual suppliers after Community production has been marketed.

Variable levies, and other minimum import price systems, were not a major problem when the GATT was drafted in 1947, and there is, therefore, no provision in GATT dealing with these levies as such. They are used especially to protect domestic farm programs, and it has been impossible to get agreement from GATT members that GATT rules apply to these practices.

A second example is subsidies. The GATT prohibits the use of export subsidies, but the prohibition does not apply in the case of primary products, which include agricultural products. This distinction is reflected in the fact that GATT members have resorted to export subsidies more often to protect or expand their markets for agricultural products.

A third example is the spread of preferential trading arrangements, especially between developed and developing countries. Preferential tariffs can and often do confer unnecessary benefits on efficient suppliers who receive the preference, and discriminate against efficient suppliers who do not receive the preference. This trade diversion problem is especially serious for agricultural products, which are major exports of developing countries.

This problem is compounded by the fact that developing countries want to revise the GATT to establish the principle that they should generally receive preference as a matter of right. This would be advantageous to the less developed nations in the short run; in the long run, however it would commit them to directing their resources into high-cost, inefficient production injurious to their interests and ours.

All in all, it is evident that the world is beset with many trade problems—and that the GATT as we know it today is not always capable of dealing adequately with them. On the other hand, we have had quite a number of successes under GATT on behalf of U.S. agriculture. Moreover, we continue to push hard, wherever the need arises, to achieve fairness in world trade for our farmers.

A recent example is establishment, at our insistence, of a panel by the GATT Council to consider European Community actions that discriminate against U.S. fruits and vegetables. This panel will examine the complaint of the United States with respect to minimum import prices on tomato concentrates and the system of licensing and surety deposits that the EC applies to certain processed fruits and vegetables.

WE MAINTAIN that the minimum import prices for tomato concentrates the EC applies are not consistent with the obligations of the Community under the GATT. And finally, we are arguing that the EC system of minimum import prices, licensing, and surety deposits nullifies or impairs benefits accruing to the United States under the GATT.

Another recent example of our efforts under the GATT was to persuade the Council to establish a panel to consider the U.S. complaint with respect to the EC nonfat dry milk mixing requirement. This is a regulation or EC law which requires a certain percentage of nonfat dry milk to be used in livestock feed rations.

The scheme is designed to use up to 400,000 tons of the 1.3 million tons of nonfat dry milk the EC now has in storage. It requires users or importers of imported soybeans to acquire import licenses and pay import deposits that are refundable upon purchase of a specified amount of nonfat dry milk. The United States has strenuously objected to the European Community over this issue.

We view the EC's mixing regulation, which displaces imported soybean and other vegetable meals, as a clear vio-

lation of its commitments under the GATT. So on July 15, we asked the GATT Council in Geneva to establish a panel to investigate this violation.

These are efforts. They are not yet successes. But they are steps toward a fair review of actions that we regard as illegal. We shall continue to utilize the provisions of GATT whenever our rights are violated, as we have in the past. Evèn with the difficulties we have had, the GATT is worthy of our support and our best efforts to strengthen it. Certainly the Agreement has proven its overall value to the United States in the years since its founding. Certainly, the freer trading world envisaged in 1947 is as desirable today as it was then.

We appreciate the GATT. We want it to work. We want it to reflect certain principles that we view as basic to an expanding world trade in the years ahead. We believe that the GATT rules should work in such a way as to:

- Permit trade between nations to take place at mutual advantage.
- Permit the production efficiencies of one country to be conferred on its customers in other countries.
- Permit the exchange of production and marketing efficiencies on a two-way basis.

Section 121 of the Trade Reform Act of 1974 directs that the President take steps to seek changes in the General Agreement on Tariffs and Trade. The Committee Report on that Act includes the following language:

"The committee agreed with the House of Representatives that GATT reform must be a major objective of this negotiation. The Committee feels that in many essential respects the GATT is discriminatory, inadequate, and outmoded.

"The Agreement was written more than 25 years ago when the world economy was totally different. Today, many GATT principles are observed more in the breach. For example, a growing volume and proportion of international trade is transacted on a discriminatory basis in spite of the GATT's cardinal principle — nondiscrimination or 'most favored nation.' A growing percentage of trade is between parties who offer advantages to each other which are not offered to countries outside the agreement.

"Thus, the Committee bill would provide that the President shall take such action as may be necessary to bring trade agreements heretofore entered into (primarily the GATT), into conformity with principles promoting the development of an open, nondiscriminatory, and fair world economic system."

Our general objective in the Multilateral Trade Negotiations is to assure a world trading system that will allow the United States to continue its market-directed, export-oriented, full-production farm policy.

To this end, we want to improve significantly the conditions of access to the major markets for U.S. agricultural exports. Where this is not possible our objective is to assure that the conditions of access and trade are not made worse for our exports.

To keep the conditions of access and trade from becoming worse for U.S. agricultural exports will require three things:

First, the competitive ability of U.S. producers and exporters must not be undermined by the negotiation of international commodity agreements.

Second, the expansion of peferential access for our competitors in foreign markets must be offset by improved access for all other countries into those markets on an MFN basis.

Third, agriculture must be included on the same terms as industry in all multilateral codes and agreements reached in the MTN, such as the code on subsidies and countervailing duties, and the standards code.

FAO Council Approves Saouma Proposals

The Council of the Food and Agriculture Organization (FAO) of the United Nations has approved a package of proposals prepared by FAO Director General Saouma, including technical assistance and greater emphasis on short-term activities related to food production.

The Saouma proposals, which were approved at the Council's 69th session in Rome, July 12-16, were drafted in response to a November 1975 request of the FAO Conference.

The main elements of the approved proposals are:

- A technical cooperation program is to be established within FAO's regular program for emergency and short-term assistance. A total of $18.5 million, resulting from savings in the overall $167 million work program for 1976/77, is set aside for this purpose. Projects will be limited to 1 year's duration and a maximum cost of $250,000 for each project. Emergency assistance will be limited to a maximum of $2.5 million out of the $18.5 million.
- More emphasis is to be placed, within FAO's regular program, on short-term activities related to food production and less on longer term economic studies and analyses. Continuing attention is to be given to long-term technical activities, such as conservation and genetic improvements.
- Increased emphasis is to be placed on activities aimed at expanding investment in agriculture, including cooperation with the International Fund for Agricultural Development—if that organization is formed.
- Full provision for FAO country representatives in developing countries is to be incorporated into FAO's regular budget by the end of 1977. Currently, there are 62 such posts. These posts in the past decade have been financed two-thirds by the United Nations Development Program (UNDP) and one-third by FAO, and they have been under UNDP administrative control.
- The number of proposed meetings is to be reduced to a level that is manageable by the FAO Secretariat and in which member governments can participate effectively.
- The number of FAO documents—and to some extent the number of publications—is to be reduced.
- The growth of FAO headquarters and regional staffs is to be limited.
- Other actions to decentralize FAO activities to the country level may be taken, including making greater use of national institutions to assist in implementing sectors of FAO's regular program, where practicable.

Although the proposals for the most part received the Council's strong endorsement, some countries recorded reservations on certain aspects. These reservations related primarily to the technical cooperation program and the takeover by the FAO of the full cost of FAO country representatives.

—Ralph W. Phillips,
International Organization Affairs, FAS

Syria's Farm Prospects Brighter, Imports Still High

Syria's imports of U.S. farm products jumped last year, and are expected to remain up in 1976, despite brightening prospects for domestic production—both short-term and long-term.

The Syrian imports of most interest to U.S. exporters are corn, soybean meal, and other feed ingredients, along with forage, needed to meet the demands of Syria's expanding poultry and dairy sectors and to supplement its domestic production of grain and protein meal.

According to U.S. trade data for 1975, exports of U.S. agricultural products to Syria were $45 million, over six times the 1974 amount of $7.4 million. Nearly half of this total was for U.S. rice and wheat, valued at $9 million and $25 million, respectively. Major commercial sales also included tobacco leaf, corn, soybean meal, almonds, dairy cattle, and seeds.

U.S. imports of Syrian agricultural products rose 35 percent in 1975 to $1.8 million from $1.3 million in 1974. Most of the imports were of oriental tobacco and wool.

Syria's total agricultural imports in 1974 (1975 data not available) were valued at $336 million. They consisted mainly of sugar, rice, flour, wheat, butter oil, canned meat, tea, tobacco leaf, and oranges. Agricultural exports, valued at $253 million in 1975, were mainly cotton (78 percent), wool, tobacco leaf, live goats, and lentils.

A great deal of Syria's 1976 agricultural situation depends on rainfall, which was light last October and November, but generally ample in December and January. Even if crops meet official estimates, Syria expects to import 12,500 to 16,600 tons of wheat and flour monthly to meet its expanding food requirements.

After grains, Syria's most important cash crop is cotton, and the outlook for irrigated cotton in 1976 is for an acreage slightly less than 1975, as cotton competes with vegetables and wheat for available irrigated land.

Animal production will gradually improve owing to additional investment in poultry and dairy facilities, such as the installation of 13 state dairy farms at a total cost of $29 million. In addition, the expansion in commercial sheep fattening should even out some of the annual fluctuations in sheep production caused by the weather.

In 1975 the Syrian economy enjoyed continued excellent growth partly owing to a twelvefold rise since 1972 in the value of oil exports, now running at the rate of nearly $700 million per year, as well as considerable financial assistance from several Arab countries. In addition, Syria's third 5-year plan, which ended in 1975, allocated roughly 35 percent ($570 million) of public investment to agrarian reform and development. In recent years, agriculture generated about 20 percent of Syria's gross domestic product (GDP), estimated at $4 billion in 1974.

Commodity production also had a fairly good year in 1975. Wheat crops in 1975 totaled 1.55 million metric tons, and although this figure is down 5 percent from 1.63 million tons in 1974, grain output at this level is considered satisfactory. Syria also imports wheat and flour to supplement domestic supplies. Imported wheat is used primarily for blending. Annual flour import levels average roughly 70,000 metric tons, so it seems unlikely that 1976 imports will exceed 80,000-85,000 tons.

No trade in barley appears likely before the outlook for the 1976 crop is known, as the 596,000 metric tons produced in 1975 is probably sufficient for 1975/76 requirements. Like wheat, barley production last year was down 9 percent, from 655,000 metric tons in 1974.

The 1975 cotton crop of 156,000 metric tons was 8 percent higher than the total of 145,000 tons a year earlier, owing to a 2.8 percent increase in irrigated cotton acreage and favorable weather at picking time. The irrigated cotton acreage appears to have stabilized at present levels, with no further increases anticipated until 1979/80 when completion is expected of several irrigation projects in the Euphrates Basin. Farmers are looking for the State Cotton Marketing Organization to give another increase in cotton prices, offsetting rising production costs and making cotton more attractive compared to alternative crops.

Syria's sugarbeet crop rose 8 percent in 1975 to 150,000 metric tons from 139,000 tons in 1974.

The Syrian Government has an intensive plan to develop its livestock and poultry industries. For sheep production, the Government program includes creation of a national feed reserve, fattening cooperatives, and encouragement of sheep production.

The Syrian Government also has plans to develop dairying and poultry. Official figures indicate a substantial increase in cattle numbers in 1974 to 524,000, of which 215,000 are milking cows. However, only 40,000-50,000 are high or medium-high producing dairy cattle.

A further increase in dairying probably took place in 1975, in part reflecting official assistance, both in the public and the private sectors. Cow milk production increased about 25 percent from that of 1973. Although production will not be affected by new state dairy farms for several years, a great impact was expected from the private sector in 1975.

Syria's poultry industry is also on an upswing—rising 17 percent in 1974 to 5.4 million chickens. Egg production also increased 9 percent to 405 million eggs in 1974. Shell egg exports in 1974 totaled 5,019 metric tons, up 9 percent from 4,600 tons in 1973.

Despite its good track record in agricultural production, Syria has been forced to increase imports of agricultural products to meet the needs of its population. Nearly 28 percent of total imports in 1974 were agricultural. Syria's population, 7.3 million in mid-1975, is growing at an annual rate of over 3 percent, and domestic supplies of some food products are insufficient.

Syria's interest in and commitment to agricultural development is substantial. Nearly half of the total labor force is employed in agriculture, and the Government has taken on several programs of agricultural development.

The most ambitious project by far is the development of the Euphrates Basin, which, when completed, will provide water for irrigating 640,000 hectares (1 ha=2.471 acres), which would more than double the present irrigated area in Syria.

—Based on a report from
SHACKFORD PITCHER
U.S. Agricultural Attaché,
Beirut

FAS Exhibits: Showcases For U.S. Foods

By WILLIAM F. DOBBINS
Export Trade Services Division
Foreign Agricultural Service

THE FAS OVERSEAS exhibit program—which will open its 1976/77 season on September 23 in Liverpool, England—affords U.S. food processors with a golden opportunity to present their products to the export market with a minimum of trouble and expense. It also provides those firms already selling overseas with an excellent chance to expand sales of established food items and to introduce new ones.

To be followed by similar shows in Glasgow and Newcastle, the Liverpool exhibit will feature U.S. processed foods with emphasis on new-to-market products. By the end of the season in October/November 1977, when FAS will participate in an international show in Tehran, U.S. exporters will have had their choice of at least 37 events in which to display their products.

During calendar 1975, U.S. exports of consumer-ready food items amounted to almost $2 billion of total foreign agricultural sales of $22 billion. In numerous cases the FAS overseas exhibit program has been responsible for inaugurating sales of these items by foreign importers.

Exhibits are scheduled for many of these countries' top markets—as well as for many on their way up.

Japan was the largest buyer of such items in 1975, with purchases totaling $320 million. Hong Kong imported $67 million worth, and the emerging market in Indonesia took an additional $6 million.

FAS exhibits are set for all of these countries in March 1977, and have been scheduled so that busy food company executives can participate in all three on one trip. As an inducement to take part in all of them, firms paying participation fees for the Tokyo and Hong Kong shows will be able to display their products at the Indonesian event free of charge.

West Germany, the United Kingdom, the Netherlands, Belgium-Luxembourg,

U.S. FARM EXPO

LOCATION	DATE	TYPE OF EVENT
UNITED KINGDOM		
Liverpool Glasgow Newcastle	September 23-24, 1976 September 27-28, 1976 Sept. 30-Oct. 1, 1976	Solo U.S. exhibits (Processed foods, emphasizing new-to-market products) Principally for U.K. agents of U.S. firms Limited U.S. trade participation
London	May 1977	Solo U.S. exhibit (Frozen foods) U.S. trade participation
ITALY		
Cremona	September 17-26, 1976	Dairy Livestock show
Genoa Rimini	November 1976 February 1977	HRI[1] food shows Primarily for agents of U.S. firms Limited U.S. trade participation
Reggio-Emilia	May 1977	Swine exhibit
JAPAN		
Tokyo	October 12-14, 1976	Meat, poultry, and egg show U.S. trade participation
Tokyo[2]	March 14-18, 1977	HRI[1] food show (Complete range of U.S. food exports to Japan) U.S. trade participation
Tokyo	September 1977	Fresh produce exhibit U.S. trade participation
MEXICO		
Mexico City	November 12-21, 1976	Dairy and beef livestock show
GERMAN DEMOCRATIC REPUBLIC		
East Berlin	November 1976	Attaché product display To reach government food purchasers of centrally planned economy countries (Processed foods) U.S. trade participation
POLAND		
Warsaw	November 1976	See description immediately above.
NETHERLANDS ANTILLES		
Curacao	November 16-18, 1976	Solo U.S. exhibit (Processed and bulk products) U.S. trade participation
BARBADOS		
Bridgetown	November 22-24, 1976	Sales team of interested U.S. representatives participating in Curacao show
SWITZERLAND		
Ski resorts	Dec. 1976-Jan. 1977	Attaché-organized menu promotion
Zurich Lugano	September 1977 September 1977	Hotel shows featuring products handled by agents of U.S. firms
FRANCE		
Paris	March 1977	Dairy livestock show
NICARAGUA		
Managua	March 1977	Attaché product display U.S. trade participation
Managua	May 1977	Beef livestock show
BRITISH CROWN COLONY		
Hong Kong[2]	March 23-25, 1977	Solo U.S. exhibit (Processed foods) U.S. trade participation

OMOTIONS, 1976/77

LOCATION	DATE	TYPE OF EVENT
INDONESIA		
Djakarta[2]	March 30-31, 1977	See description immediately above
DENMARK		
Copenhagen	April 1977	Hotel show with agents of U.S. firms supplying product
YUGOSLAVIA		
Belgrade	April 1977	Attaché product display To reach government food purchasers of centrally planned economy countries (Processed foods) U.S. trade participation
SINGAPORE		
Singapore	April 1977	Attaché-organized menu promotion in leading hotels
EGYPT		
Cairo	May 1977	Attaché product display (Processed foods) U.S. trade participation
WEST GERMANY		
Hamburg	June 7-8, 1977	Solo U.S. exhibit (Processed foods) Principally for West German agents of U.S. firms Limited participation by U.S. firms seeking German agents
Berlin	June 13-14, 1977	See description immediately above
Cologne	September 10-15, 1977	ANUGA—general food/equipment show FAS-sponsored catalog show U.S. trade participation
SCANDINAVIA		
Norway Sweden Finland	June 1977 June 1977 June 1977	Sales team of 6-8 U.S. representatives (Processed foods)
IRAN		
Tehran	June 1977	Attaché product display (Processed foods) U.S. trade participation
Tehran	Oct. 28-Nov. 4, 1977	AGWA International Fair (U.S. livestock exhibit and seminar)
NETHERLANDS		
Rotterdam (or Amsterdam)	October 1977	Solo U.S. exhibit (Processed foods) U.S. trade and agents to participate
BELGIUM		
Brussels	October 1977	See description immediately above
IVORY COAST		
Abidjan	October 1977	Solo U.S. exhibit (Processed foods) U.S. trade to participate
NIGERIA		
Lagos	October 1977	Sales team of 6-8 interested representatives participating in Ivory Coast show (Processed foods)

[1] Hotel, restaurant, institutional. [2] Firms participating in Tokyo and Hong Kong shows will have participator fee waived for Djakarta show.

and Switzerland—combined purchasers of $300 million worth of U.S. processed food items in 1975—also appear on the FAS schedule, some with more than one event. Firms interested in introducing their products to this part of the world will find it worthwhile to participate in these low-cost promotions.

Curaçao—a market closer to the United States, and part of the Netherlands Antilles group just off the coast of Venezuela—importer of over $20 million worth of U.S. grocery products in 1975, will be the site of another show in November 1976. Members of the trade will be invited from all of the neighboring Caribbean islands as well as from the northern tier of South America and nearby Central American republics, a combined area that imported over $100 million worth of U.S. food products in 1975.

A trade team will be formed during the Curaçao show—if sufficient interest is evidenced—to go to Barbados to introduce U.S. products to the trade there. An FAS Trade Development Officer will make the necessary appointments, and will accompany the team to Bridgetown.

This same plan will be followed after the proposed food show in Abidjan, Ivory Coast, in October 1977, when a side trip will be made to meet the trade in the growing Nigerian market.

Attaché Product Displays are scheduled in a number of countries such as the German Democratic Republic, Poland, Yugoslavia, Egypt, and Iran—countries where state controlled economies exist, where U.S. suppliers know little or nothing about consumer buying habits, or where U.S. foods are unfamiliar. Participation, for the most part, does not require attendance by a company representative, although such participation is urged and welcomed. Firms wanting to show their products at these events need only to pay a nominal shipping fee for each case of goods sent. FAS will relay resulting trade leads to participating firms for followup.

Other shows are designed to assist already established overseas agents of U.S. firms to expand the number of outlets for the products they handle and to enlarge their distribution channels. Such exhibits also offer excellent opportunities to introduce new products to the food trade because normally "Agent Shows" are conducted in areas where U.S. food items have received little or no promotion. For information,

Continued on page 12

Again offset nonfarm deficit

U.S. Exports Set Record In 1976, Despite Price Dip

By SALLY E. BREEDLOVE
Foreign Demand and Competition Division
Economic Research Service

DESPITE the generally lower unit values of U.S. agricultural products prevailing in fiscal 1976, an expanded volume of U.S. exports levered the total value for the period to a record $22.1 billion, $570 million more than in 1975.[1]

The U.S. agricultural trade balance totaled $12 billion in 1976, more than offsetting the $8 billion deficit in nonagricultural trade.

Among the export crops that rang the bell with record volumes in the 1975/76 period were corn, soybeans, pork, cattle hides, burley tobacco, and fresh and dried fruits.

Unit values were lower in 1975 for wheat (average $157 per ton, down from $176 in the previous fiscal period), corn (average $122 per ton, compared with $140), and soybeans (average $200 per ton, compared with $268). The rice export unit value was down by 22 percent, and that for soybean oil was down by 39 percent. However, cotton and tobacco prices rose during the year. Among the factors having the greatest impact on 1976 agricultural exports were:

- Record 1975 U.S. crop production;
- Generally good crops in developing countries;
- Drought-reduced crops in Europe and the USSR;
- Recovery from the world recession.

Developed countries took $12.8 billion worth of U.S. farm products in 1976, up from $12.3 billion in 1975. The European Community (EC) accounted for most of this increase, but shipments also increased in value to Japan, Canada, Israel, Sweden, and Austria.

Developed countries are usually the market for over three-fourths of U.S. exports of soybeans, oilmeal, tobacco, fresh and preserved fruits, nuts, and prepared animal feeds; over two-thirds of feedgrain exports; and over half of U.S. exports of vegetables and vegetable preparations and animals and animal products.

Economic recovery began late in calendar 1975 in Western Europe, Canada, and Japan, and strong performances were recorded for the first quarter of 1976. Feed-livestock price ratios improved significantly, and livestock feeding expanded.

U.S. agricultural exports to the EC increased in value from $5.3 billion in 1975 to $5.8 billion in 1976. Feedgrains and soybeans comprised over half of the total value. Feedgrain shipments to the EC were up 23 percent to 13.3 million tons, and soybean shipments hit a new high of 7.5 million tons, compared with 4.8 million in 1975 and the previous high of 6.7 million tons in 1974.

U.S. tobacco exports to the EC declined again in 1976, falling to 113,066 tons, four-fifths of the 1970-75 average of 144,000 tons. Oilmeal shipments remained at the fiscal 1975 total of 3.0 million tons.

EC countries imported 2.6 million tons of U.S. wheat, compared with an average of 1.74 million tons during 1970-75.

WESTERN EUROPE'S 1975 potato crop was reduced 16 percent by poor weather. Potato supplies were very short, and prices skyrocketed. Health restrictions hindered imports of fresh U.S. potatoes, but U.S. suppliers were able to make up some of the shortfall.

U.S. exports of fresh and dehydrated potatoes and potato flakes to Western Europe totaled 213,000 tons valued at $59 million in 1976, compared with 4,700 tons a year earlier. The United Kingdom, Sweden, West Germany, Portugal, and Belgium were the largest importers.

U.S. agricultural exports to Japan were valued at $3.30 billion in 1976, up from the $3.18 billion level of 1975. Feedgrain shipments at 8.04 million tons were 12 percent above the 1975 volume but well below 1974's 10.2 million tons.

U.S. soybean exports rose 35 percent to 3.2 million tons, and wheat exports rose 9 percent to 3.34 million tons. Japan's imports of U.S. tobacco were up 19 percent to 56,000 tons valued at $196 million, making Japan by far the largest country market for U.S. tobacco.

Japan's imports of U.S. cotton (including linters) fell to 683,000 bales in 1976 from 1,034,000 in 1975 and 1,445,000 in 1974. Japan's textile industry is suffering from stiff competition from neighboring countries, which have much lower wage rates.

Canadian imports of U.S. farm products were valued at $1.40 billion in 1976. Fruit and vegetable shipments increased, totaling $476 million compared with $437 million in 1975. Trade restrictions on Canadian-U.S. livestock trade were relaxed during 1976, and the value of U.S. exports of animals and animal products to Canada rose 34 percent to $292 million. More meat, eggs, cattle hides, and furskins were shipped.

U.S. agricultural exports to the developing countries were valued at $6.74 billion, down from $7.94 billion in 1975. This decline is largely the result of lower export unit values.

The sharpest drop was recorded in shipments to West Asia. Record crop production, the cooling of the oil boom, overbuying in 1975, and port congestion were the main causes of the reduction in West Asian imports. Shipments to Iran, Turkey, Iraq, and Lebannon fell dramatically.

In 1976, grains and preparations comprised three-fifths of the value of U.S. farm exports to the developing countries, or $4 billion.

About three-fifths of U.S. wheat and wheat product exports go to the developing countries. Wheat shipments in 1976 totaled 18.6 million tons. Feedgrain shipments dropped from 5.95 million tons in 1975 to 5.83 million in 1976.

Following the third successive record rice crop in Asia, U.S. rice exports to developing countries fell to 997,000 tons in 1976, about half the year-earlier total. The cessation of shipments to

[1] **In this report, all years are fiscal unless otherwise noted.**

South Vietnam and Cambodia accounted for one-fourth of the drop. Developing countries took 63 percent of U.S. rice exports in 1976; their share in 1975 was 84 percent

U.S. cotton and cotton linter exports to the developing countries began to recover from the depressed 1975 total, rising 40 percent to 2.27 million bales. U.S. cotton exports to Southeast and East Asia—excluding Japan and the People's Republic of China (PRC)—totaled 2.08 million bales, well above 1975's 1.39 million bales but trailing the 2.35 million bales shipped in 1974. Significant increases occurred in shipments to Indonesia, Korea, Taiwan, and the Phillippines.

Fats and oils were in plentiful supply on the world market in 1976, and prices for vegetable oils fell dramatically. Developing countries usually receive over two-thirds of U.S. exports of vegetable oils and waxes and over half of U.S. exports of animal fats and oils. In 1976 shipments of animal and vegetable fats and oils to the developing countries were down by one-fifth. Exports fell to most large markets except Pakistan.

Drastically reduced wheat and rice shipments caused the value of U.S. farm exports to Korea to fall 18 percent in 1976 to $722 million. However, Korea became the largest market for U.S. cotton, with imports of 970,000 bales. Shipments had totaled 542,000 bales in 1975 and 741,000 in 1974.

Most shipments early in the year were made under old contracts. In recent months, the Korean textile industry has made new purchases of U.S. cotton, reflecting the recovery of the Korean textile industry that began at the turn of the year.

U.S. farm exports to India decreased slightly in value in 1976 to $740 million. Shipments of whcat and wheat products were down 4 percent to 4.28 million tons valued at $626 million.

The demand for imported grain continued despite India's rcasonably good crop production in 1975. Financial aid from Middle-East oil producers and lower prices have encouraged India to import wheat.

Agricultural exports from the United States to Taiwan rebounded from 1975's reduced level to total $562 million. More U.S. wheat, feedgrains, soybeans, and cotton were exported to Taiwan in 1976.

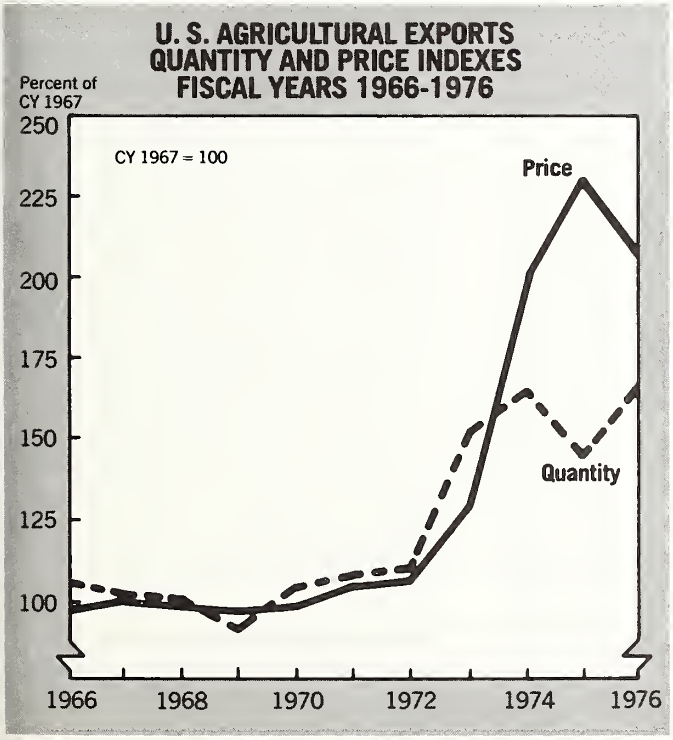
Mexico reduced its imports of U.S. farm products by about a half in 1976 to $404 million. Mexican agriculture had a good year in 1975. The Mexican Government encouraged food production through higher support prices for grains and pulses, more liberal credit, and active marketing programs.

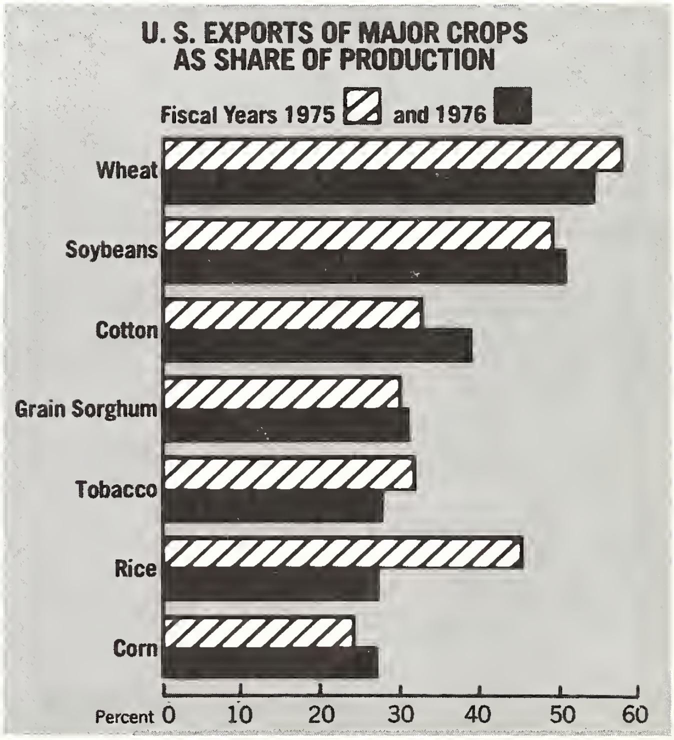
U.S. agricultural exports to centrally planned countries were valued at $2.58 billion in 1976, about double the 1975 total. The increase was a result of the drought that struck the USSR and Eastern Europe in 1975. The PRC reduced its imports of U.S. farm products to $2.4 million in 1976, following imports valued at $328 million in 1975.

The USSR became the second-largest country market for U.S. agricultural exports in 1976. Shipments were valued at $1.86 billion and included 13.3 million tons of grain. U.S. corn exports to the USSR totaled 9.2 million tons valued at $1.15 billion; wheat shipments of 3.97 million tons were valued at $607 million.

The 1975 Soviet grain crop totaled 140 million tons, compared with the 1971-74 average of 192 million. Net imports of wheat and coarse grain by the Soviet Union are estimated at 26 million tons for the 1975/76 marketing year. During 1971/72-1974/75, net Soviet imports averaged 6.8 million tons annually.

U.S. agricultural exports to Eastern Europe were valued at $717 million in 1976, 22 percent above 1975's $587 million total. U.S. corn exports to Eastern Europe rose 38 percent to 2.3 million tons, and wheat exports rose to 809,000 tons from 124,000 tons in the previous year.





U.S. AGRICULTURAL EXPORTS: VOLUME BY COMMODITY

Commodity	1974	1975	1976	1975/76 Change
	1,000 M.T.	*1,000 M.T.*	*1,000 M.T.*	*Percent*
Wheat and products	31,258	28,303	31,687	+12
Feedgrains, excluding products	43,735	34,328	46,374	+35
Rice	1,584	2,295	1,587	−31
Soybeans	14,046	11,009	15,405	+40
Oilmeal	4,986	4,263	4,633	+ 9
Vegetable oils	1,051	1,152	889	−23
Cotton, including linters	1,326	879	749	−15
Tobacco	313	290	273	− 6
Total	98,299	82,519	101,597	+23

MAJOR MARKETS FOR U.S. AGRICULTURAL EXPORTS [1]

Country	1974	1975	1976	1976 Change
	Mil. Dol.	*Mil. Dol.*	*Mil. Dol.*	*Percent*
Japan	3,353	3,185	3,300	+ 4
U.S.S.R.	509	396	1,864	+370
Netherlands	1,470	1,631	1,755	+ 8
West Germany	1,536	1,448	1,618	+ 12
Canada	1,195	1,284	1,400	+ 9
Italy	754	804	800	− 1
India	312	759	740	− 2
Korea	661	885	722	− 18
Spain	644	790	655	− 17
United Kingdom	684	583	647	+ 11
Taiwan	518	410	562	+ 37
Poland	306	250	447	+ 79
Brazil	369	138	430	+213
France	443	448	408	− 9
Egypt	264	388	405	+ 5
Mexico	610	851	404	− 53
Iran	183	757	148	− 80
People's Republic of China	838	328	2	− 99

[1] Not adjusted for transshipments.

U.S. AGRICULTURAL EXPORTS: VALUE BY COMMODITY

Commodity	1974	1975	1976	1975/76 Change
	Mil. Dol.	*Mil. Dol.*	*Mil. Dol.*	*Percent*
Animals and animal products:				
Dairy products	65	134	119	−12
Fats, oils, and greases	506	487	358	−26
Hides and skins, including furskins	460	411	561	+36
Meats and meat products	317	342	573	+68
Poultry and poultry products	143	135	207	+53
Other	265	195	201	+ 3
Total animals and products	1,759	1,704	2,019	+18
Grains and preparations:				
Feedgrains, excluding products	4,643	4,762	5,598	+18
Rice	752	1,002	541	−46
Wheat and major wheat products	4,738	5,001	4,976	—
Other	199	177	182	+ 3
Total grains and preparations	10,332	10,942	11,297	+ 3
Oilseeds and products:				
Cottonseed and soybean oil	427	703	326	−54
Soybeans	3,254	2,951	3,078	+ 4
Protein meal	1,135	732	774	+ 6
Other	409	466	464	—
Total oilseeds and products	5,225	4,852	4,642	− 4
Other products and preparations:				
Cotton, including linters	1,311	1,028	882	−14
Tobacco, unmanufactured	814	910	917	+ 1
Fruits and preparations	589	649	730	+13
Nuts and preparations	158	157	177	+13
Vegetables and preparations	407	549	557	+ 1
Other	698	787	926	+18
Total products and preparations	3,977	4,080	4,189	+ 3
Total	21,293	21,578	22,147	+ 3

India Increases Imports of Rice

India's imports of rice are expected to increase this year, despite the country's estimated 1975/76 record output of 46 million tons (milled) or more. Paddy rice outturns are estimated at 69 million tons in 1975/76—14 percent above the 1974/75 level.

Imports of rice through the Food Corporation of India (FCI) may reach 400,000 tons in 1976, compared with annual imports of less than 250,000 tons since 1970. Nepal, Thailand, and the United States will be major suppliers. Some reasons for the anticipated expansion of rice imports:

- Consumption of milled rice during 1976 may rise by 5 million tons. Wages for farm labor have doubled during the past year and new regulations for private grain traders caused open-market prices for rice to decline by more than 40 percent.
- Availability of wheat, coarse grains, and pulses during 1976 will be less than expected 6 months ago. Rice prices compare favorably with those for wheat and coarse grains.
- Government programs to build stocks of about 12 million tons of food grains will rely upon domestic supplies for warehouses in the Gangetic Plain and imported supplies for storage in port cities of western and southern India.
- Meteorologists believe monsoon rains may not be as abundant and well distributed this year as in 1975.
- Managers of fair-price shops (private stores selling basic food items received from FCI at fixed prices) and traders in major cities contend that even in the best years for rice supplies, consumers have not been able to buy all the rice they needed.

—John B. Parker, Jr., ERS

New FAS Olive Circular

FAS data on world olive production and trade will be available semiannually in a new series of circulars (FOL).

U.S. residents who wish to be placed on the mailing list for the FOL series should send requests, in writing, to FAS Information Services, USDA, Room 5918-S, Washington, D.C. 20250.

Australia's Off-Year Citrus Hits New Highs in 1975/76

Picking oranges in New South Wales, one of Australia's major citrus areas.

Australia's 1975/76 citrus season —slated to be an "off-year" in the biennial bearing pattern—proved to be an exceptionally good one. Record crops of virtually all citrus fruits were harvested, and yields of navels and Valencia oranges in particular were far better than first expected.

Production in 1976/77 is expected to be about 4 percent less than the 1975/76 record.

Total citrus production in 1975/76 reached an estimated 495,200 metric tons, nearly 70,000 tons above the previous record harvest. The navel crop is now estimated at 141,900 tons, and the Valencia crop at 255,800 tons. New plantings of lemons and mandarins now coming into bearing also contributed to the increase, with mandarin production reaching a record 33,900 tons and lemon production 39,100 tons.

The outlook for the 1976/77 crop is for lower yields in most producing areas. The December 1975 fruit drop—when some immature fruit fell from the trees—was somewhat above average, while initial setting was lighter. This was particularly true for Valencia oranges, although navels may also be somewhat lighter.

Indications earlier in the year were that the 1976/77 crop will total about 474,700 tons, including some 242,900 tons of Valencias and 134,000 tons of navels. The mandarin and grapefruit crops will also be somewhat lighter, but production of lemons is expected to show a further increase.

Exports of citrus during the 1975/76 export season (April-March) showed some recovery from the 1974/75 season, when exports were hampered by shipping problems. Exports of oranges in 1975/76 totaled about 14,900 tons, compared with 10,600 tons in 1974/75.

New Zealand took about 9,000 tons, while most of the remainder went to Singapore/Malaysia. Only a negligible volume of oranges was shipped to Hong Kong this season. Exports of mandarins rose to about 4,400 tons, with about 1,700 tons going to Canada. Most of the remainder went to Scandinavia and continental Europe, although the United Kingdom took about 400 tons.

Exports of lemons totaled about 550 tons, of which 400 tons went to Singapore and the remainder to France and Mauritius. A small quantity of grapefruit was shipped to New Caledonia and France.

Imports of citrus fruit during the 1975/76 season were negligible, reflecting the large supplies of domestic fruit. Imports of oranges totaled 17 tons, all from California, compared with 410 tons in the previous year.

Grapefruit imports were slightly higher than in 1974/75, and totaled 248 tons. Israel was not on the Australian market this season, and virtually all grapefruit imports came from the United States. Imports in 1976 are again likely to be small, and on present indications will comprise about 20 tons of oranges and 200 tons of grapefruit.

The large supplies of citrus fruit available this past season were reflected in the domestic market place, with prices generally at a depressed level during most of the season. Even the rapid increase in demand for processing fruit could not absorb all the oranges available.

The amount of fruit available on a nationwide basis was not excessive, but processors were, of course, reluctant to absorb more than their share of the market, as competitors could cover their shortfall with cheaper imported concentrate.

Imports of citrus juice during calendar 1975 showed a substantial increase, when compared to the previous year, and illustrates the fact that even in high production years the domestic juice industry cannot meet demand.

The shortfall in grapefruit juice is being narrowed as domestic production grows and demand eases off somewhat. Imports of grapefruit concentrate totaled about 1 million liters, compared with 1.6 million liters in 1974. Imports of lemon concentrate also continued to decline, and totaled 100,000 liters.

Minimum processing prices for fresh citrus fruit for the 1975/76 season were increased substantially, and rose to \$A94 per ton for lemons, \$A84 per ton of Valencias and Sevilles, \$A71 per ton for navels, and \$A86 per ton for grapefruit. (\$A1=US\$1.24.)

The industry feels that imports of lower priced concentrates have held processing prices at a lower level than justified and caused heavier deliveries on the fresh fruit market, thus further depressing net overall returns to growers. The Australian Government has resisted the demands for protection until recently, appearing to take the position that such action would be inflationary and only retard much needed restructuring of the industry.

However, in mid-June, following several industry approaches, the Government requested the Temporary Assistance Authority (TAA) to investigate whether urgent action was necessary to protect the orange industry from imported orange juice. The TAA was required to report its findings and recommendations within 30 days.

On July 28, the Government announced that it had accepted the TAA recommendations and imposed a tariff quota on imported orange juice covering a 1-year period beginning July 1, 1976. Imports above the 28.3-million-liter quota will be subject to a duty of 2 Australian cents per liter in addition to the regular duty of 4.1 cents.

The Australian Government requested the Industries Assistance Commission to provide an interim report by February 1977 on the tariff quota level, if any, to apply after June 1977. A final report also is expected next year.

—Based on report from
Office of U.S. Agricultural Attaché
Canberra

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FAS Exhibits

Continued from page 7

interested U.S. firms should have their agents contact the U.S. Agricultural Attaché Office at the U.S. Embassy in the country involved.

FAS also carries on other ancillary activities to insure successful participation in overseas exhibits with minimum risk to the exhibitor. For example, some potential exhibitors have been discouraged by the involved regulations covering the importation of U.S. foods into foreign countries. Others hesitate to participate in such shows because they fear their products might contain additives, colorants, and/or preservative that would bar their commercial sale, even though a lively interest had been built up by an FAS exhibit.

As a hedge against such disappointing experiences, FAS has a Label Clearance Program that utilizes the services of U.S. Agricultural Attachés to determine whether product modifications must be made to permit overseas sales. For $5 per label per country, labels are sent for on-the-scene checks by officials of the foreign country in which the exhibitor hopes to display and sell his products. Firms desiring to ascertain the acceptability of their products should contact the Export Trade Services Division of FAS, before completing plans to exhibit. (This service is available to all U.S. exporters, not just those who plan to participate in FAS exhibits.)

All of the commercial-type exhibits on the FAS schedule are "trade only" shows. Attendance is limited to those having a direct interest in the products being shown. Typically, importers, agents, hotel food and beverage managers, chefs, restaurant operators, caterers, and dietitians from hospitals, schools, and industrial feeding operations are among those invited. Most shows run for about 3 days and time is provided to follow up promising trade leads.

FAS handles all of the details connected with these shows. It rents exhibit space in the leading hotels in the scheduled countries, arranges appropriate display facilities for each company, and sends out invitations to the trade. If desired, FAS assists with shipping and customs clearance of exhibit products.

The 1976/77 schedule also provides for "specialized" showings, such as the red meat, poultry, and egg products exhibit scheduled to take place in Tokyo, October 12-14, 1976. Only 30 U.S. firms can be accommodated and FAS will accept requests to participate on a first-come, first-served basis. In May 1977, a show devoted to frozen foods will be staged in London and fresh fruits and vegetables will be highlighted at a Tokyo show in September 1977. U.S. firms interested in participating in these events should be sure their names are on FAS mailing lists to receive information circulars.

A number of livestock exhibits are also scheduled for late 1976 and 1977. These include events at Cremona and Reggio-Emilia in Italy; Mexico City; Paris; Managua in Nicaragua; and Tehran.

At these shows—rather than to have exhibitors ship and exhibit unsold animals, a procedure that involves commercial risk—FAS works with the appropriate breed association to obtain animals for exhibit that have been sold and are already in the country where the show is to take place. In some cases, arrangements are made to show presold animals just prior to their being turned over to their new owners.

Exhibit space for cattle is usually not available to private breeding firms, but their representatives and other individuals in the business of selling live animals are welcome at all of these shows where they can be introduced to foreign buyers of livestock.

Participation in FAS exhibits is a proven method by which U.S. exporters can boost their foreign food sales at minimal expense. It is often too expensive and time consuming for a private firm to rent space in an established international event, make all the arrangements required to have a booth designed and built, process the documents for customs and inland handling, hire a bilingual exhibit staff, and then coordinate all the other details by the exhibit's opening day. FAS, on the other hand, has experience in these matters, and aided by U.S. Agricultural Attachés and overseas staffs, can relieve the participating firm of most of these details.

Fees for taking part in FAS overseas exhibits are nominal—deliberately set low, in fact, so as to encourage and assist small firms that otherwise might not be able to exhibit goods overseas because of the high overall costs of "going it alone." Any firm or trade association, whether or not now serving the export market, is invited to participate in the FAS exhibit program. Complete information can be obtained by writing the Export Trade Services Division, FAS, Washington, D.C. 20250.

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